

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 INR-07 NSAE-00 RSC-01

L-02 FBOE-00 AID-05 A-01 COME-00 TAR-01 XMB-04 DODE-00

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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 0362

INFO USMISSION OECD PARIS

UNCLAS COPENHAGEN 0290

E.O. 11652: N/A

TAGS: EFIN

SUBJ: FOREIGN ACCESS TO U.S. SECURITIES MARKET
(SEC QUESTIONNAIRE)

REF: STATE A-9155, DEC. 13, 1974

1. WE DISCUSSED SEC QUESTIONNAIRE IN GENERAL WITH DANISH OECD INVISIBLES COMMITTEE DELEGATE HEDEMAN OLSEN OF COMMERCE MINISTRY AND SUBSEQUENTLY PASSED DOCUMENT FOR TECHNICAL REVIEW AND COMMENT TO BANKING AND SECURITIES OFFICE OF SAME MINISTRY. CONTACT: MR. JORGEN NORGAARD, MINISTRY OF COMMERCE, OFFICE 1/5, ADDRESS 12 SLOTHOLMSGADE, DK 1216 COPENHAGEN K.

2. ACCORDING TO OLSEN, DENMARK DID NOT PARTICIPATE ACTIVELY IN THE WORKING GROUP WHICH PREPARED THE OECD STANDARD RULES. DENMARK, HOWEVER, ACCEPTED THE RULES WHEN PRESENTED IN THE COMMITTEE AS NOT IN CONFLICT WITH EXISTING OR PENDING DANISH LEGISLATION. AT PRESENT, DENMARK HAS NO SPECIFIC LEGISLATION GOVERNING OPERATION OF INVESTMENT COMPANIES. PREPARATIONS FOR SUCH LEGISLATION, REPORTEDLY, WERE INITIATED IN 1968

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BUT APPARENTLY NEVER FOT OFF THE GROUND. THE

MAIN REASON IS PROBABLY THAT THE PROBLEM IS
OF LIMITED PRACTICAL CONCERN AT PRESENT.

3. WHILE DENMARK LIBERALIZED INWARD PORTFOLIO
INVESTMENT IN SHARES AT THE TIME OF ENTRY TO
THE EUROPEAN COMMUNITIES (JANUARY 1973) AND
IN BONDS IN DECEMBER 1974, RESTRICTIONS ARE STILL
MAINTAINED ON OUTWARD PORTFOLIO INVESTMENT BY
RESIDENTS. THE STOCK INVESTMENT LIBERALIZATION
ALSO APLIED TO INVESTMENT CERTIFICATES ISSUED
BY DANISH INVESTMENT COMPANIES. ACCORDINGLY,
DENMARK HAS WITHDRAWN THE RESERVATION TO THE
OECD CODE OF LIBERALIZATION OF CAPITAL MOVEMENTS
(LIST A, V/A1 AND 2, B1 AND 2) PERTAINING TO
NON-RESIDENT PURCHASES OF DANISH SECURITIES
BUT HASMAINTAINED THE RESERVATION ON RESIDENT
INVESTMENTS ABROAD. THE REASON FOR THE CONTI-
NUED RESTRICTIONS ON OUTWARD PORTFOLIO INVEST-
MENT IS THE DESIRE TO CONTROL CAPITAL OUTFLOW
AND PROTECT THE LIMITED FOREIGN EXCHANGE RESERVES.
QUESTION OF RECIPROCITY IS THEREFORE NOT RELEVANT.

4. ANOTHER CONSIDERATION IS THE FACT THAT THERE
ARE ONLY THREE OPEN DANISH INVESTMENT COMPANIES
QUOTED ON THE COPENHAGEN STOCK EXCHANGE. THEIR
COMBINED CAPITAL IS ABOUT \$15 MILLION. THEY
OPERATE DOMESTICALLY ONLY AND HAVE INDICATED
NO DESIRE TO ATTRACT FOREIGN CAPITAL. FOR-
EIGN INVESTORS' INTEREST IN DANISH SECURITIES
AFTER THE LIBERALIZATION THRU FAR HAS BEEN LI-
MITED.

5. IN PASSING THE QUESTINNAIRE TO DANISH OF-
FICIALS, WE EMPHASIZED THAT THE INVITATION TO
COMMENT PERTAINED ONLY TO SUCH QUESTIONS WHICH
TOUCH UPON PROBLEMS OF WIDER PERSPECTIVE THAN
U.S. DOMESTIC CONDITIONS. IN MOST INSTANCES,
HOWEVER, WORTHWHILE COMMENT WILL REQUIRE STUDY
OF COMPATIBILITY WITH EXISTING (OR PLANNED)
DANISH LEGISLATION. WE DO NOT, THEREFORE, EXPECT
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TO RECEIVE SUCH COMMENT PRIOR TO THE JANUARY 31
DEADLINE BUT WILL FOLLOW THE MATTER AND REPORT
FURTHER IF AND WHEN COMMENTS ARE RECEIVED.
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